

To: Contra Costa County Housing Authority Board of Commissioners  
 From: Joseph Villarreal, Housing Authority  
 Date: March 10, 2015



Contra  
Costa  
County

Subject: FY 2014-2015 3rd Quarter Budget Report

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## **RECOMMENDATIONS**

ACCEPT the 3rd Quarter (Unaudited) Budget Report for the period ending 12/31/14.

## **BACKGROUND**

This report is intended to provide the Board of Commissioners with an overview of the financial position of the Housing Authority of the County of Contra Costa (HACCC) for the 3rd quarter period ending 12/31/14. The report begins with a summary of HACCC's overall fiscal standing at the end of the quarter. The overall numbers are then broken down by individual funds. Each fund overview includes a brief program summary and an explanation of the variance between budgeted and actual performance.

## **AGENCY OVERVIEW: Budget Report**

Changes in HACCC's overall budget position for the third quarter are shown in the chart below. Major changes in Section 8 voucher program (HCV) funding had the most significant impact on HACCC's budget.

Projected revenue increased by \$2,426,731 as HCV utilization increased. This was as a

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Action of Board On: **03/10/2015** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

### **VOTE OF COMMISSIONERS**

AYE: John Gioia,  
Commissioner  
Candace Andersen,  
Commissioner  
Mary N. Piepho,  
Commissioner  
Karen Mitchoff,  
Commissioner

ABSENT: Federal D. Glover,  
Commissioner  
Fay Nathaniel,  
Commissioner  
Aqueela Bowie,  
Commissioner

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 10, 2015

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

result of new project-based units being brought online and new clients being called from the wait list for the first time in over 10 years. The increased revenues were largely funded through the use of HUD-held restricted reserves. Expenditures are on pace to end the year about \$1.2 million less than budgeted. However, this would still be an increase of over \$5 million from last fiscal year. As with revenues, this is mostly a result of increased leasing under the HCV program.

## BACKGROUND (CONT'D)

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The net change to reserve totals for the end of the third quarter was a loss of \$2,585,628, almost exactly on pace to match HACCC's budgeted loss of \$6,224,050. This decline is reflective of HUD's ongoing mandate to eliminate locally controlled reserve funds.

HACC Agency Summary	Annual Budget	3rd Quarter Actual 12/31/14	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 96,541,964	\$ 74,833,204	\$ 24,135,491	\$ 98,968,695	\$2,426,731
Expenditures	\$104,840,697	\$ 77,418,832	\$ 26,210,174	\$103,629,006	\$1,211,691
	\$ (8,298,733)	\$ (2,585,628)	\$ (2,074,683)	\$ (4,660,311)	

## Analysis of Agency Reserves

Program	Beginning Balance 4/1/14 (Unaudited)	3rd Quarter ending 12/31/14 (Unaudited)	Reserve Balance period ending 12/31/14 (Unaudited)
<b><u>Restricted Reserves</u></b>			
Housing Choice Vouchers	\$ 8,494,765	\$ (2,787,341)	\$ 5,707,424
Public Housing & Cap. Funds	\$ -0-	\$ -0-	\$ -0-
State & Local Programs	\$ 495,355	\$ (102,966)	\$ 392,389
Housing Certificates Programs	<b>\$ 6,493</b>	<b>\$ 11,840</b>	<b>\$ 18,333</b>
Total Restricted Reserves	\$ 8,996,613	\$ (2,878,467)	\$ 6,118,146
<b><u>Unrestricted Reserves</u></b>			
Housing Choice Vouchers	\$ 2,579,450	\$ 334,311	\$ 2,913,761
Public Housing & Cap. Funds	\$ 958,328	\$ 135,410	\$ 1,093,738
State & Local Programs	\$ 2,159,553	\$ (133,427)	\$ 2,026,126
Housing Certificates Programs	<b>\$ 50,738</b>	<b>\$ (43,453)</b>	<b>\$ 7,285</b>
Total Unrestricted Reserves	\$ 5,748,069	\$ 292,841	\$ 6,040,910
Total Reserves	\$ 14,744,682	\$ (2,585,626)	\$ 12,159,056

As a reminder, almost all reserves are restricted for use within each program. The designation of restricted or unrestricted reserves merely indicates that the funds are obligated for special use within the program (restricted) or that they can be used for any purpose tied to the program (unrestricted). The only reserves that can be used freely are unrestricted reserves within the State and Local Programs that are not tied to the tax credit properties. These reserves can be used to support any of HACCC's programs.

## **FUNDS OVERVIEW:**

### **Housing Choice Vouchers**

Program Summary - The HCV program provides assistance to families in the private rental market. HACCC qualifies families for the program based on income. These families find a home in the private rental market and HACCC provides them with a subsidy via a HAP contract with the property owner. HAP is paid by HACCC directly to the owner. Through its HCV program, HACCC is authorized to provide affordable housing assistance to a maximum of 6,783 families. However, due to funding constraints, the program is only able to support approximately 6,300 families currently.

#### Summary of Difference Between Budgeted and Quarterly-End Estimate:

Revenue – While funding constraints do not currently allow HACCC to lease all 6,783 units it has been allocated, the number of HCV units under contract has increased. The net variance of \$2,236,362 is a direct result of an increase in the number of units under contract.

Expenditures – As stated above, expenditures are on pace to end the year about \$1.2 million less than budgeted. However, this is an increase of over \$5 million from last fiscal year due to increased leasing under the HCV program. The vast majority of expenditures under the HCV program are for rent payments to private landlords.

Housing Choice Vouchers	Annual Budget	3rd Quarter Actual 12/31/2014 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 77,818,409	\$ 60,600,169	\$ 19,454,602	\$ 80,054,771	\$ 2,236,362
Expenditures	\$ 85,614,890	\$ 63,053,200	\$ 21,403,722	\$ 84,456,922	\$ 1,157,967
	\$ (7,796,481)	\$ (2,453,031)	\$ (1,949,120)	\$ (4,402,151)	

#### Analysis of Program Reserves:

Housing Choice Vouchers	Beginning Balance 4/1/14 (Unaudited)	3rd Quarter 12/31/2014 (Unaudited)	Reserve Balance period ending 12/31/14 (Unaudited)
Restricted Reserves	\$ 8,494,765	\$ (2,787,341)	\$ 5,707,424
Unrestricted Reserves	\$ 2,579,450	\$ 334,311	\$ 2,913,761
Total Reserves	\$11,074,215	\$ (2,453,030)	\$ 8,621,185

#### Public Housing Operating and Capital Funds

Program Summary - HACCC owns and manages 1,179 public housing units at 16 different sites throughout the County. Operating funds for these properties come from

tenant rents as well as an operating subsidy received from HUD that is designed to cover the gap between rents collected from the low-income tenants and annual operating expenses. HUD allocates the Capital Fund annually via formula to approximately 3,200 housing authorities. Capital Fund grants may be used for development, financing, modernization, and management improvements within public housing.

Summary of Difference Between Budgeted and Quarterly-End Estimate:

Revenue – Annualized revenue is \$133,721 less than projected. However, that would be an increase of over \$265,000 from last fiscal year.

Expenditures - The \$462,493 variance is a savings of \$311,000 related to Capital Fund expenditures that either have not yet been completed or that have not yet been billed. The remaining \$156,493 in savings were realized from savings in general operations, labor, utilities and tenant services.

Public Housing Operating and Capital Fund	Annual Budget	3rd Quarter Actual 12/31/14 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 10,324,043	\$ 7,609,311	\$ 2,581,011	\$ 10,190,322	\$ (133,721)
Expenditures	\$ 10,581,858	\$ 7,473,901	\$ 2,645,465	\$ 10,119,366	\$ 462,493
	\$ (257,815)	\$ 135,410	\$ (64,454)	\$ 70,956	

Analysis of Program Reserves:

Public Housing & Capital Fund	Beginning Balance 4/1/14 (Unaudited)	3rd Quarter 12/31/14 (Unaudited)	Reserve Balance period ending 12/31/14 (Unaudited)
Restricted Reserves	\$ -0-	\$ -0-	\$ -0-
Unrestricted Reserves	<u>\$ 958,328</u>	<u>\$ 135,410</u>	<u>\$ 1,093,738</u>
Total Reserves	\$ 958,328	\$ 135,410	\$ 1,093,738

**State and Local Programs**

Program Summary - HACCC administers a variety of programs and activities that are either not funded by HUD or that involve non-restricted HUD funds. Currently, HACCC is the managing general partner for two tax credit projects (DeAnza Gardens & Casa Del

Rio) and also has a contract with the City of Antioch to run their rental rehabilitation program. HACCC receives management fees for administering the Public Housing and HCV programs under HUD's asset-management model.

#### Summary of Difference between Budgeted and Quarterly-End Estimate:

Revenue –The variance is less than 1%.

Expenditures - The \$53,987 projected increase is related to temporary employment services for special projects and staff turnover.

State & Local Programs	Annual Budget	3rd Quarter Actual 12/31/14 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 5,221,015	\$ 3,915,532	\$ 1,305,254	\$ 5,220,786	\$ (229)
Expenditures	<u>\$ 5,463,918</u>	<u>\$ 4,151,925</u>	<u>\$ 1,365,980</u>	\$ 5,517,905	\$ (53,987)
	\$ (242,903)	\$ (236,393)	\$ (60,726)	\$ (297,118)	

#### Analysis of Reserves:

State & Local Programs	Beginning Balance 4/1/14 (Unaudited)	3rd Quarter 12/31/14 (Unaudited)	Reserve Balance Period ending 12/31/14 (Unaudited)
Restricted Reserves	\$ 495,355	\$ (102,966)	\$ 392,389
Unrestricted Reserves	<u>\$ 2,159,553</u>	<u>\$ (133,427)</u>	<u>\$ 2,026,126</u>
Total Reserves	\$ 2,654,908	\$ (236,393)	\$ 2,418,515

### Housing Certificate Programs

Program Summary - HACCC administers two separate Housing Certificate Programs; Shelter Plus Care and Moderate Rehabilitation (Mod Rehab). The Shelter-Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program. HACCC assists approximately 285 clients under this program. The Mod Rehab program was designed in 1978 as an expansion of the rental certificate program. Mod Rehab was designed to provide low-cost loans for the rehabilitation of rental units in an effort to upgrade and preserve the nation's housing stock. In return, the owner agreed to provide long-term affordable housing for low income families. The program was repealed in 1991 and no new projects are authorized for development. HACCC administers 28 Mod Rehab units.

#### Summary of Difference Between Budgeted and Quarter-End Estimate:

Revenue-The \$324,319 variance is primarily the result of an increase in Federal funding for rent payments (HAP) and administrative fees in the Shelter Plus Care program. HAP accounted for \$287,441 of the increase.

Expenditure-The \$354,782 variance is an increase in HAP and other program costs. The other program costs were fees paid to the County's Behavior Health Department for client supportive services.

Housing Certificate Programs	Annual Budget	3rd Quarter Actual 12/31/14 (Unaudited)	Remaining FY Estimate	Annual Total	Variance
Revenue	\$ 3,178,497	\$ 2,708,191	\$ 794,624	\$ 3,502,815	\$ 324,319
Expenditures	<u>\$ 3,180,031</u>	<u>\$ 2,739,805</u>	<u>\$ 795,008</u>	<u>\$ 3,534,813</u>	\$ (354,782)
	\$ (1,534)	\$ (31,614)	\$ (384)	\$ (31,998)	

#### Analysis of Reserves:

Housing Certificate Programs	Beginning Balance 4/1/14 (Unaudited)	3rd Quarter 12/31/14 (Unaudited)	Reserve Balance period ending 12/31/14 (Unaudited)
Restricted Reserves	\$ 6,493	\$ 11,840	\$ 18,333
Unrestricted Reserves	<u>\$ 50,738</u>	<u>\$ (43,453)</u>	<u>\$ 7,285</u>
Total Reserves	\$ 57,231	\$ (31,613)	\$ 25,618

#### FISCAL IMPACT

None. Information item only.

#### CLERK'S ADDENDUM

#### ATTACHMENTS

3rd Quarter Budget Report